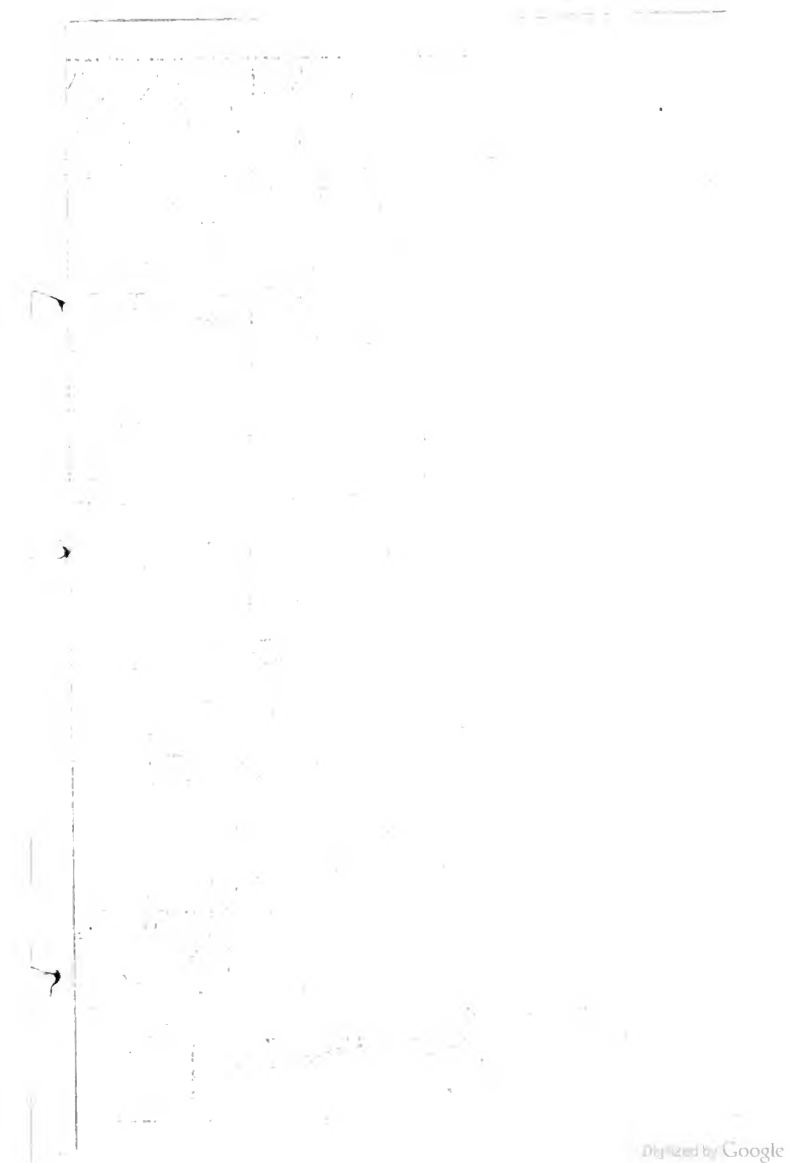


Annual report of the Board of Directors of the Oregon Railroad and ...

Oregon Railroad
and Navigation
Company





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THIRD
ANNUAL REPORT
OF
THE OREGON RAILROAD AND
NAVIGATION COMPANY
FOR
THE FISCAL YEAR ENDED
JUNE 30, 1899.

DIRECTORS OF THE OREGON RAILROAD AND NAVIGATION COMPANY

1898-1899.

WM. L. BULL, Chairman,	-	-	-	-	-	-	New York
HENRY W. CANNON,	-	-	-	-	-	-	"
E. H. HARRIMAN,	-	-	-	-	-	-	"
SAMUEL CARR,	-	-	-	-	-	-	Boston
C. S. MELLEN,	-	-	-	-	-	-	St. Paul, Minn.
D. S. LAMONT,	-	-	-	-	-	-	"
A. L. MOHLER,	-	-	-	-	-	-	Portland, Oregon
H. W. CORBETT,	-	-	-	-	-	-	" "
HARVEY W. SCOTT,	-	-	-	-	-	-	" "
WM. M. LADD,	-	-	-	-	-	-	" "
W. B. AYER,	-	-	-	-	-	-	" "
A. L. MILLS,	-	-	-	-	-	-	" "
WM. MACKINTOSH,	-	-	-	-	-	-	" "
W. W. COTTON,	-	-	-	-	-	-	" "
MILES. C. MOORE,	-	-	-	-	-	-	Walla Walla, Wash.

NEW YORK, August 20, 1899.

*To the Board of Directors,
The Oregon Railroad & Navigation Company.*

GENTLEMEN :

We submit for your information comparative statistical tables, in detail, of revenue and operation for twelve months, fiscal year ended June 30, 1899 :

	1898.	1899.
Earnings from Operation, Rail Lines.....	\$5,992,470.94	\$6,258,282.33
Earnings from Operation, Water Lines.....	902,922.35	747,697.32
Total Operating Earnings.....	<u>\$6,895,393.29</u>	<u>\$7,005,979.65</u>
Operating Expenses, Rail Lines...	\$3,186,877.84	\$3,387,224.83
Operating Expenses, Water Lines..	766,542.23	742,080.48
Taxes, Rail and Water Lines.....	152,640.29	158,967.37
Total Operating Expenses and Taxes	<u>\$4,106,060.36</u>	<u>\$4,288,272.68</u>
Net Earnings from Operation.....	\$2,789,332.93	\$2,717,706.97
Miscellaneous Income.....	77,865.93	73,107.48
Total.....	<u>\$2,867,198.86</u>	<u>\$2,790,814.45</u>

Charges against net earnings were :

Depreciation of Water Line Equipment.....	\$ 89,350.00	\$ 94,609.59
Interest on Funded Debt.....	865,491.73	830,356.77
First Mortgage Sinking Fund.....	154,230.00	163,110.00
Taxes on Property not used in Operation	3,656.08	6,920.68
Discount and Interest.....	615.65	6,992.96
Real Estate Purchased.....	6,756.05
New Passenger Equipment purchased.....	29,241.64
Dividends on Preferred Stock.....	550,000.00	440,000.00
Dividends on Common Stock.....	240,000.00
	<u>\$1,903,343.46</u>	<u>\$1,577,987.69</u>
Leaving Surplus of.....	\$ 963,855.40	\$1,212,826.76

All expenditures for improvements and betterments on the Rail Lines were charged to Operating Expenses, except one dining and two composite cars and \$6,756.05 paid for new real estate (see Exhibit "B.") which were charged to Income Account. All expenditures on the Water Lines have been charged to Operating Expenses or Depreciation Fund, except cost of the new tug "WALLULA" for use of the bar service at the mouth of the Columbia river, charged to Improvement and Betterment Fund (see Exhibit "E.") The Company during the year built two new river steamers—the "Spokane" and the "Hassalo" which were charged to the Depreciation Fund.

Carrying out the funding arrangement made with a syndicate of bankers, as mentioned in last Annual Report, there has been withdrawn and deposited with the Trustees of the Consolidated Mortgage Bonds during the past fiscal year \$759,000 of the Oregon Railway & Navigation Company's 6 per cent. First Mortgage Bonds, against which there has been issued \$957,668.25 of this Company's Consolidated 4 per cent. Bonds. The increased capitalization has been charged to Profit and Loss. See "Exhibit A."

The increase in the Estate of the Oregon Railway & Navigation Company, amounting to \$16,419.29, as shown in Condensed Comparative Balance Sheet, Exhibit "C.", is accounted for by

adjustments in that account, and not account of additions to the property.

The decrease of \$30,470.00 in this Company's preferred and common stock, appearing in Condensed Comparative Balance Sheet, Exhibit "C." under the head of "Bonds and Stock Owned," is caused by the writing down of this asset from par to the market value of these securities.

The decrease of \$307,000 of Willamette Transportation and Locks Company's First Mortgage Bonds, as shown under the head of "Bonds and Stocks Owned" as per Condensed Comparative Balance Sheet, is caused by the purchasers of the property on which this mortgage was a lien having paid off the balance of the mortgage during the past year, the proceeds of the same being deposited with the Trustee of the Oregon Railway & Navigation Company's First Mortgage, to be used in the retiring of First Mortgage Bonds.

Your attention is specially called to the improvement of this Company's lines by reduction of curvature, and the filling of bridges and the extensive repairs and renewals of its wooden structures. The improvements already made have thoroughly justified the expenditure by the still further increase in the tons moved per train mile, and freedom from accident; the average tons moved per train mile for this fiscal year being 263.3 as compared with 245.7 for year 1898 and 188.4 for the year 1897.

The mining interests in the Baker District continue to show marked development. In the Coeur d'Alene District, owing to disturbed labor conditions, the mines for quite a period were closed down, greatly curtailing the revenues of this Company on that particular traffic—but this important traffic is now being resumed and will soon reach a normal condition.

An additional sugar beet plant with a daily capacity of 350 tons of beets, making 40 tons of sugar, has been located and constructed exclusively on this Company's lines at Waverly, Washington. There has been a marked addition of other new industries along the Company's lines.

The reasons for decline of the earnings of the Water Lines, are, on account of this Company's retirement from Alaska traffic, the unusually severe winter on the Snake River, with obstructed navigation on the Columbia and Willamette Rivers, and for the

further reason that the farmers' financial condition did not make it necessary for them to dispose of their grain and farm products as freely as previously. With substantially as large a grain crop as that of the previous year, the Company moved 100,547 tons less, and reliable estimates show that there was 108,232 tons of grain held in warehouses on line and in hands of farmers in country tributary at the close of this fiscal year.

This Company has finally come into possession of its original rights by the execution of the proper papers with the Northern Pacific Terminal Company, at Portland, which furnishes the terminal and freight facilities for this Company's business.

There has been constructed by private enterprise upon this Company's terminals in East Portland, a large grain warehouse of 25,000 tons capacity, and one on land adjacent thereto, both modern in their character, to provide for necessary storage of grain.

Portland has exported in the way of grain, flour and its products, 47.41 per cent. of all grain exported from Portland, Puget Sound and San Francisco combined, during the past fiscal year, representing 106 sailing ship loads of grain and flour. The facilities for providing for Oriental ships during the greater portion of the year were seriously deficient.

This Company having no further use for one of its steamers, named the "Victorian" has disposed of same.

The application of vertical plane couplers and air brakes to its cars is now so nearly completed, that all will be equipped therewith within the time required by congressional law.

The officers and employes are entitled to the credit for the results obtained in the conduct of the Company's business during the past fiscal year.

The By-Laws of the Company provide for an independent audit of its books. The stockholders at last annual election elected Mr. Stephen Little for that purpose, and his certificate is appended hereto,

A. L. MOHLER,
President.

WM. L. BULL,
Chairman of the Board.

PORTLAND, OREGON, August 17, 1899.

To the Stockholders of The Oregon Railroad & Navigation Co.:

Pursuant to your resolution of September 1, 1898, I beg to report that I have visited this city and in the audit office of your Company here examined and verified:

I.

The General Profit and Loss Account of your Company at June 30, 1898, and June 30, 1899, respectively.

II.

The Earnings and Operating Expenses and Income Account for the fiscal year ended June 30, 1899.

III.

Its General Balance Sheet at June 30, 1899.

I therefore certify that the elements constituting such Accounts and Balance Sheet are fully and fairly set forth, and reflect truthfully the transactions of the year under review and the financial condition of the Company at the end thereof.

My thanks are due to the General Auditor of your Company, who extended to me every courtesy and facility necessary to my examination.

STEPHEN LITTLE.

THE OREGON RAILROAD & NAVIGATION
COMPANY.

ACCOUNTING DEPARTMENT.

PORTLAND, OREGON, August 20, 1899.

A. L. MOHLER, Esq.,
President The O. R. & N. Co.,
Portland, Oregon.

DEAR SIR :

I herewith submit statements of General Profit and Loss Account, Income Account, General Comparative Balance Sheet, and tables showing results of operation for fiscal year ended June 30, 1899, as follows :

- "A." General Profit and Loss Account.
- "B." Income Account.
- "C." General Comparative Balance Sheet.
- "D." Bonds and Stock held as security under Consolidated Mortgage Indenture of The Oregon Railroad & Navigation Company.
- "E." Statement of Improvement and Betterment Fund.

- " F." Statement of Improvements and Betterments charged to Operating Expenses, and Income Account.
- " G." Statement of Earnings and Expenses, Rail Lines, years ended June 30, 1899, and June 30, 1898.
- " H." Statement of Earnings and Expenses, Water Lines, years ended June 30, 1899, and June 30, 1898.
- " I." Statement of Locomotive and Car Equipment.
- " J." Statement of Water Line Equipment.
- " K." Mileage of Rail and Water Lines.

Yours very truly,

E. S. BENSON,
General Auditor.

"A."

GENERAL PROFIT AND LOSS ACCOUNT.

(ADJUSTMENTS THEREIN JUNE 30, 1898, to JUNE 30, 1899.)

By Balance—Surplus June 30, 1898.....		\$ 779,869.24	
By Surplus for year ended June 30, 1899, as per Income Account, Exhibit "C"....		1,212,826.76	
By Interest received from Liverpool & London & Globe Ins. Co., on account of Albina fire claim—accrued prior to current fiscal year.....		8,883.16	
By Adjustments during the year to the credit of Profit and Loss direct.....	\$ 5,540.64		
Less Adjustments for the same period to debit of Profit and Loss direct.....	172.89		
			5,367.75
To Discount on Consolidated Mortgage Bonds of this company delivered in exchange for First Mortgage Bonds of Oregon Railway & Navigation Co. as provided in plan for such ex- change and refunding:			
Bonds delivered (par value).....	\$957,668.25		
Amount received (less interest).....	834,900.00	122,768.25	
To Premium on First Mortgage Bonds retired in accordance with plan for refunding:			
Bonds retired (par value).....	\$759,000.00		
Amount paid (less interest).....	834,900.00	75,900.00	
To Amount of Insurance and Taxes on "East Side" Terminal Property paid Northern Pacific Terminal Co., together with Interest on Delinquent Payments accruing prior to current fiscal year—also Taxes on same property paid direct to Multnomah County.....		21,057.88	
To Balance.....		1,784,220.78	
		<u>\$2,006,946.91</u>	<u>\$2,006,946.91</u>
By Balance at Credit of Profit and Loss June 30, 1899, as per Comparative Balance Sheet, Exhibit "C".....			<u>\$1,784,220.78</u>

"B."

INCOME ACCOUNT.

RAIL LINES:

Gross Earnings from Operation.....	\$6,258,282.33	
Operating Expenses.....	\$1,387,224.83	
Taxes.....	148,385.01	
Total (Per cent. 56.49).....	\$3,535,609.84	
Net Earnings from Operation.....		\$2,722,672.49

WATER LINES:

Gross Earnings from Operation.....	\$ 747,697.32	
Operating Expenses.....	\$ 742,080.48	
Taxes.....	10,582.36	
Total (Per cent. 100.66).....	\$ 752,662.84	
Net Earnings from Operation.....		\$ *4,965.52

ADD INCOME FROM:

Interest and Dividends on Securities owned.....	\$ 13,931.48	
Discount and Interest received.....	46,500.93	
Rentals from Leased Property.....	12,675.07	\$ 73,107.48
Total Net Income.....		\$2,790,814.45

LESS:

Taxes on Property not used in Operation.....	\$ 6,920.68	
Interest on Funded Debt:		
Consol. Mtg. 4 per cent. Bonds.....	\$770,704.60	
Ore. Ry. & N. Co. 1st Mtg. 6 per cent. Bonds.....	59,652.17	830,356.77
First Mtg. Sinking Fund.....	163,110.00	
Depreciation Water Equipment.....	94,609.59	
Discount and Interest paid.....	6,992.96	
Real Estate purchased.....	6,756.05	
New Passenger Equipment purchased.....	29,241.64	\$1,137,987.69
Surplus for the year.....		\$1,652,826.76

LESS:

Dividends on Preferred Stock, 4 per cent.....	440,000.00	
Remaining Surplus carried to credit of Profit and Loss Acct....		\$1,212,826.76

* Deficit.

CONDENSED COMPARATIVE BALANCE SHEET—Continued.

ASSETS.	June 30, 1899			Increase	Decrease
CURRENT ASSETS:					
Cash in Banks, etc.					
First National Bank, Portland, Oregon	\$240,776.54				
First National Bank, Portland, Oregon	50,000.00				
First National Bank, Portland, Oregon	54,262.86				
New York Security and Trust Co. General Account	138,769.14				
" " " " Special	10,300.19				
" " " " Consolidated Mortgage Bond Coupon Account	22,080.45				
" " " " First Mortgage Bond Coupon Account	5,000.00				
A. Marcus, Treasurer	329,757.41				
Farmers' Loan & Trust Co. Trustee Oregon Railway & Navigation Co. First Mortgage Sinking Fund	23,325.25				
Deutsche Bank of Berlin, Consolidated Mortgage Bond Coupon Account	200,589.75				
Chase National Bank of New York	1,265,575.80				\$847,825.60
The Oregon Railroad & Navigation Company's Consolidated Mortgage Bonds	58,051.00				73,768.25
Improvement and Betterment Account (Per Contra):					
Cash in hands of New York Security & Trust Co.	253,301.00				
Invested in Northern Pacific Terminal Company's Bonds	130,335.75				
Material and Supplies	403,684.75				48,850.44
Audited Bills for Collection	645,839.10				
Foreign Prepaid Ticket Orders	230,584.25				
Agents, Purasers and Conductors	2,137.32				
Office Department	186,113.07				
Northern Pacific Telephone	47,982.36				
Liverpool and London and Globe Insurance Company, Fire Claim	12,490.56				
City and County Warrants to be used in paying taxes	72,171.03				
J. G. and I. N. Day	4,133.92				
Portland General Electric Company	505.00				
A. Marcus, Treasurer	7,675.00				
Bills Receivable	3,671.40				
Insurance Paid in Advance	25,048.15				
Insurance Paid in Advance	13,648.05				
Columbia Southern Railway Company, Accrued Interest Account	14,800.57				
Sundries	1,133.33				
Total Current Assets	31,457.97				
	10,404.72				
	3,640,717.67				
TOTAL ASSETS	\$56,853,178.04			\$490,871.70	
					746,208.61

"C."
CONDENSED COMPARATIVE BALANCE SHEET.
 June 30, 1899 and June 30, 1898, respectively.

		LIABILITIES.		June 30, 1899	June 30, 1898	Increase	Decrease
CAPITAL STOCK:							
Common.....				\$21,000,000.00	\$21,000,000.00		
Preferred.....				11,000,000.00	11,000,000.00		
Total Capital Stock.....				\$35,000,000.00	\$35,000,000.00		
FUNDED DEBT:							
Consolidated Mortgage 4 per cent. Bonds (interest due June and December).....				\$19,467,900.00	\$18,082,900.00	\$ 885,000.00	
Oregon Railway & Navigation Co.'s First Mfg. 6 per cent. Bonds (interest due January and July).....				668,000.00	1,587,000.00		\$919,000.00
Total Funded Debt.....				\$20,235,900.00	\$20,270,900.00		\$55,100.00
OREGON RAILWAY & NAVIGATION CO. FIRST MORTGAGE SINKING FUND.....				\$ 432,816.40	\$ 262,236.22	\$ 169,610.07	
CURRENT LIABILITIES:							
Vouchers.....				228,972.72	331,478.51		102,505.81
Pay rolls.....							5,455.23
Unclaimed Wages.....				118,127.00	201,262.23		
Consolidated Mortgage Bonds—Coupons due and unpaid.....				36,280.00	25,500.00	10,780.00	
— Interest accrued, but not due.....				65,225.99	62,279.67	2,946.32	
O. Ry. & N. Co.—First Mortgage Bonds—Coupons due and unpaid.....				23,310.45	51,120.45		27,810.00
Hospital Fund.....				10,000.00	10,000.00		
Water Line Equipment—Payments accrued, but not due.....				6,005.80		346.80	
Water Line Equipment Depreciation Fund.....				38,662.11	48,535.76		9,873.65
Trade Balances.....				142,716.46	127,829.25	15,887.23	

CONDENSED COMPARATIVE BALANCE SHEET—Continued.

LIABILITIES.	June 30, 1899		June 30, 1898		Increase	Decrease
Car Service Balances.....	13,875.32		12,865.00		1,010.32	
Northern Pacific Terminal Company, of Oregon.....	2,859.06		2,859.06		2,859.06	
Accrued Rental Account.....			253,899.71			253,899.71
Agents' Drafts Outstanding.....	11,931.26		13,974.57			2,043.31
Taxes Accrued.....	47,945.56		45,439.94		2,505.62	
Railroad Equipment Renewal Fund.....	29,417.36		11,722.72		17,694.64	
Dividend No. 1—Common Stock.....			240,000.00			240,000.00
Called Bonds Outstanding—O. Ry. & N. Co.'s First Mortgage.....	106,000.00		71,000.00		35,000.00	
General Average Collection, account S. S. "Lombard".....			2,138.00			2,138.00
Ticket Relate Account.....	19.65		10,318.72			10,299.07
Surplies.....	14,013.26		44,633.27			30,620.01
Total Current Liabilities.....	\$976,076.11		\$1,575,775.58			\$599,699.47
APPARENT LIABILITIES:						
O. Ry. & N. Co.—Stockholders.....	\$47,074.60		\$73,892.60			
Loss Preferred and Common Stock held in Treasury to meet same.....	47,074.60		73,892.60			
	Nil.		Nil.			
TOTAL LIABILITIES.....	\$56,643,722.51		\$57,109,911.91			\$464,599.40
ACCOUNTS TO BALANCE:						
Improvement and Betterment Fund (per contra).....	403,634.75		452,525.19			48,890.44
By Profit and Loss to Balance, being excess of Assets over all Liabilities (Exhibit "A").....	1,794,229.78		779,869.24		\$1,014,360.54	
Total.....	\$58,853,176.04		\$58,342,306.34		\$510,869.70	

-D-

BONDS AND SECURITIES HELD AS SECURITY UNDER
 IMPROVEMENT AND BETTERMENT INDENTURE OF THE
 NEW YORK TERMINAL CO. & TERMINAL COMPANY,
 1914 & 1915

	No. Bonds or Shares	Par Value	Amount
Atlantic & Pacific Railroad Co. First Mortgage Bonds	25	\$25,000	\$250,000
Atlantic & Pacific Railroad Co. First Mortgage Bonds		1,000	1,000
Atlantic & Pacific Railroad Co. Bonds	1,000	1,000	1,000,000
New York & New Jersey Electric & Light Co. Bonds	100	100	100,000
New York Public & Broadcasting Co. Bonds	100	100	250,000
			\$425,000

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IMPROVEMENT AND BETTERMENT FUND.

By Balance June 30, 1914	\$403,325.75
By Interest reported on account of bond on deposit with the New York Security Co. Fund Co.	1,075.56
By Interest received on account of New York Terminal Co. First Mortgage Bonds	1,500.00
By Amount charged to this Fund on account of purchase of new tug H. K. Ketchikan	52,000.00
By Balance June 30, 1915	
Carried over from the New York Security & Co. Fund Co.	\$250,000.00
New York Terminal Co. First Mortgage Bonds, Par Value, 100,000	150,335.75
	\$403,335.75
	\$403,335.75
By Balance at Credit of Improvement and Betterment Fund June 30, 1915, as per Comparative Balance Sheet, Exhibit "C"	\$403,335.75

"F."

**STATEMENT OF IMPROVEMENTS AND BETTER-
MENTS CHARGED TO OPERATING EXPENSES
AND INCOME ACCOUNT DURING YEAR ENDED
JUNE 30, 1899.**

Charged to Operating Expenses:**BUILDINGS:**

New Narrow Gauge Engine House, Walla Walla.....	\$ 468.61	
New Track Scales, Wardner:		
Total cost.....	<u>\$1,132.02</u>	
Amount charged prior to current fiscal year.....	<u>7.15</u>	<u>1,124.87</u>
New Track Scales, Beet Sugar Factory, La Grande:		
Total cost.....	<u>1,088.51</u>	
Less amount paid by Oregon Sugar Co	<u>544.27</u>	<u>544.27</u>
New Depot, Huntsville:		
Total cost.....	<u>160.72</u>	
Amount charged prior to current fiscal year.....	<u>46.07</u>	<u>114.65</u>
New Depot, Colfax (Under construction):		
Total cost to date.....	<u>2,871.09</u>	
Am't charged Insurance Co. account loss of old structure	<u>800.00</u>	<u>2,071.09</u>
New Resort House, Bonneville:		
Total cost.....	<u>1,590.23</u>	
Amount charged prior to current fiscal year.....	<u>1,299.28</u>	<u>290.95</u>
New Freight House, Ione:		
Total cost.....	<u>177.74</u>	
Amount charged prior to current fiscal year.....	<u>118.37</u>	<u>59.37</u>
New Storehouse, Albina.....		<u>314.70</u>
New Storehouse, Ash Street Dock.....		<u>231.76</u>
New Warehouse, Pendleton.....		<u>3,379.21</u>
New Warehouse, Durkee, (under construction).....		<u>1,028.26</u>
New Ice House, Huntington.....		<u>1,104.41</u>
New Ice House, Riparia.....		<u>531.00</u>
New Water Tank, Albina.....		<u>761.60</u>
Rebuilding Water Tank, Bonneville.....		<u>1,759.25</u>
Improving Water Supply, Meacham Dining Station		<u>2,306.69</u>
Improving Water Supply, Heppner.....		<u>730.01</u>
Improving Water Station, Fairfield.....		<u>457.52</u>
Constructing Sewer, Pendleton Depot.....		<u>500.00</u>
New Stock Yards, Spokane.....		<u>680.01</u>
New Stock Yards, La Crosse.....		<u>198.61</u>
New Steel Turntables (five).....		<u>9,305.85</u> <u>\$27,862.75</u>
NEW FENCES:		
Five Miles, 4015 feet, completed.....	<u>683.06</u>	
Under construction.....	<u>2,051.07</u>	<u>2,734.13</u>
NEW SIDINGS AND YARD EXTENSIONS:		
Sidings laid, complete, 7 miles, 5,068.5 feet.....	<u>41,130.49</u>	
Sidings taken up, 1 mile, 3808.5 feet.....	<u>2,232.81</u>	
Net Increase, 6 miles, 1260.0 feet.....	<u>38,897.68</u>	
Sidings under construction.....	<u>7,302.05</u>	<u>46,099.73</u>
Amount Carried Forward.....		<u>\$76,709.61</u>

STATEMENT OF IMPROVEMENTS—Continued.

Amount Brought Forward.....		\$76,709.61
BRIDGE RENEWALS:		
Substituting 49' for 76' Howe Truss on Bridges Nos. 172, 329, 341, 347, 350, 351, 352 and 359, between Durkee and Huntington, length 392 feet:		
Total cost.....	\$ 9,299.01	
Amount charged prior to current fiscal year.....	8,111.78	1,187.23
Pave New Steel Truss Bridges, length 730 feet:		
Total cost.....	62,681.20	
Amount charged prior to current fiscal year.....	22,269.00	40,412.20
Rebuilding 108' Howe Truss Span, Meacham Creek.....		2,309.10
Rebuilding 2 Howe Truss Bridges (including piers) crossing South Palouse River.....		21,465.44
Rebuilding 75' Howe Truss Span and Piers and removing pile Trestle Bridge No. 306, Touchet River (under construction).....		699.45
Seven New Steel Pratt Truss Bridges, including piers and abutments (under construction).....	5,991.60	
Rebuilding Bridge No. 361 at Burnt River.....	2,328.76	
Rebuilding Two Frame Trestle Bridges.....	1,489.96	75,783.74
FILLING BRIDGES:		
120,173 cubic yards of material; 75 filled complete, 3740 feet in length; 13 filled in part.....		30,964.04
Replacing Wooden Cribs Nos. 1, 2 and 3 with stone, near Tunnel No. 3:		
Total cost.....	22,598.82	
Amount charged prior to current fiscal year.....	10,467.46	12,131.36
Filling and Riprapping Crib No. 1, 1 mile east of Bingham Springs.....		381.35
Building 800' Breakwater to protect track at Bunker Hill & Sullivan Mine, near Wardner.....		1,380.77
Raising Track to new grade at New Steel Bridge No. 69.....		4,895.84
Applying 52,007 Service Tie Plates, between Mile Posts 108 and 154.....		6,986.89
Proportion of Expense changing County Road between Perry and La Grande.....		1,000.00
Interlocking Plant at crossing with Northern Pacific, near Spokane (under construction).....		56.67
CHANGE OF LINE:		
LOCATION.....	LENGTH.....	DEGREE OF CURVATURE REMOVED.....
Bridge No. 114 (under construction)	1,600'	33°
Bridge No. 117 (under construction)	1,500'	43°
Bridge No. 113 (under construction)	1,900'	26°
Between Mile Posts 134 and 136.....	2,100'	35°
At Heppner Junction.....	3,600'	36°
At Meacham Creek (under construction).....	5,300'	
At Shell Rock (under construction)	15,000'	599°
At Wyeth.....	18,700'	373°
At Viento.....		
Total cost.....		31,172.54
Amount charged prior to current fiscal year.....		19,346.31
Amounts Carried Forward.....		\$11,826.23
		\$171,395.27 \$210,290.27

STATEMENT OF IMPROVEMENTS—Continued.

Amounts Brought Forward.....		<u>\$171,395.27</u>	<u>210,290.27</u>
CHANGE OF LINE—(Continued) :			
Between Mile Posts 48 and 51 *			
Total cost.....	<u>23,075.81</u>		
Amount charged prior to current fiscal year.....	<u>18,982.87</u>	<u>4,092.94</u>	
At Wallula *.....			
Total cost.....	<u>6,522.79</u>		
Amount charged prior to current fiscal year.....	<u>6,118.73</u>	<u>404.06</u>	
Total length 49,900' (9 miles, 2380 feet); degree of curvature removed 1145'.....			<u>175,892.27</u>
* Mileage and curvature figures included in last year's report.			
RENEWAL OF STEEL—(Net cost including fastenings and labor for laying) :			
Moscow Branch, second-hand 56-lb., 7 miles, 160'.....	<u>9,297.48</u>		
Between East Portland and Clarno, new 75-lb. *.....	<u>2,479.32</u>		
Between Southern Pacific connection and East Switch, East Portland, new 75-lb. *.....		159.94	
Between Blalocks and Umatilla, new 75-lb.; 31 miles, 2603'... ..		107,483.78	
East of The Dalles (none laid).....	<u>410.12</u>		
Total, 38 miles, 2763'.....			119,830.64
* Mileage included in last year's report.			
BALLASTING AND WIDENING EMBANKMENTS :			
19 miles, 4224 feet.			<u>10,385.85</u>
RAIL LINE EQUIPMENT :			
Freight Cars equipped with New York Air Brakes, 2 cars.....	105 90		
Material used in equipment of 7 cars included in last year's report.....	<u>346.24</u>	<u>452.14</u>	
Freight Cars equipped with Automatic Couplers, 1073 cars... ..		<u>30,017.08</u>	
New Industrial Pile Driver:			
Total cost.....	<u>4,240.64</u>		
Amount charged prior to current fiscal year.....	<u>4,162.12</u>	78.52	
New Steam Shovel.....		<u>7,705.17</u>	
New Lidgerwood Ballast Unloader, with attachments.....		<u>3,928.64</u>	
New Double Steel Mast Wrecking Derrick;			
Total cost.....	<u>2,875.63</u>		
Amount charged prior to current fiscal year.....	<u>1,368.89</u>	<u>1,506.74</u>	
			<u>43,688.29</u>
Total Improvements and Betterments charged to Operating Expenses.....			\$560,087.32

STATEMENT OF IMPROVEMENTS—Concluded.

Charged to Income Account:

REAL ESTATE PURCHASED:	
Warehouse Site at Athena, Oregon.....	702.00
Additional Station Grounds at Colfax, Washington.....	<u>5,153.20</u>
Additional Station Grounds at Pullman, Washington.....	900.65 <u>6,756.05</u>
NEW PASSENGER EQUIPMENT:	
One New Dining Car.....	<u>11,773.16</u>
Two New Composite Cars.....	<u>17,468.48</u> <u>29,241.64</u>
Total Improvements and Betterments charged to Income Account.....	<u>35,967.69</u>
Total Expenditures for Improvements and Betterments for year ended June 30, 1899.....	<u>596,955.01</u>
Total Expenditures for Improvements and Betterments for year ended June 30, 1898.....	<u>565,027.92</u>
Ties <u>Laid</u> during year ended June 30, 1899.....	501,732
Average Cost per Tie, <u>72.1</u> cents.....	<u>\$112,546.10</u>
Ties <u>Laid</u> during year ended June 30, 1898.....	523,951
Average Cost per Tie, <u>21.6</u> cents.....	<u>\$113,355.40</u>

"G."

RAIL LINES.

STATEMENT OF EARNINGS AND EXPENSES YEARS
ENDED JUNE 30, 1899, AND 1898.

EARNINGS.	Per Cent.	1899.	1898.	Per Cent.
From Freight.....	74.92	\$4,688,548.85	\$4,625,656.71	77.19
" Passenger.....	20.27	1,268,320.65	1,086,570.89	18.13
" Express.....	1.40	87,754.21	79,429.24	1.33
" Mail.....	2.98	186,666.82	181,060.68	3.02
" Miscellaneous.....	.43	26,991.80	19,753.42	.33
Total Earnings from Operation....	100.	\$6,258,282.33	\$5,992,470.94	100.

EXPENSES.	Per Cent. of Earnings	1899.	1898.	Per Cent. of Earnings
Maintenance of Way and Structures..	17.86	\$1,117,899.01	\$1,032,677.25	17.23
Maintenance of Equipment.....	6.90	431,962.98	413,672.91	6.90
Conducting Transportation.....	26.49	1,657,661.70	1,587,212.26	26.49
General Expenses.....	2.87	179,701.14	153,315.42	2.56
Total Operating Expenses.....	54.12	\$3,387,224.83	\$3,186,877.84	53.18
Taxes.....	2.37	148,385.01	141,707.13	2.37
Total Operating Expenses and Taxes	56.49	\$3,535,609.84	\$3,328,584.97	55.55
Net Earnings.....	43.51	2,722,672.49	2,663,885.97	44.45
	100.			100.

" H "

WATER LINES.

STATEMENT OF EARNINGS AND EXPENSES YEARS
ENDED JUNE 30, 1899, AND 1898.

EARNINGS.	Per Cent.	1899.	1898.	Per Cent.
From Freight.....	76.84	\$574,502.84	\$672,072.77	74.43
" Passenger.....	19.49	145,704.07	193,513.94	21.43
" Express.....	.19	1,421.32	2,028.72	.22
" Mail.....	.56	4,202.48	7,480.89	.84
" Miscellaneous.....	2.92	21,866.61	27,826.06	3.08
Total Earnings.....	100.	\$747,697.32	\$902,922.35	100.

EXPENSES	Per Cent. of Earnings	1899	1898	Per Cent. of Earnings
Maintenance of Buildings.....	1.45	\$ 10,823.92	\$ 24,933.95	2.76
Maintenance of Equipment.....	6.07	45,365.93	51,830.77	5.74
Conducting Transportation.....	83.16	621,809.89	633,090.18	70.11
General Expenses.....	8.57	64,080.74	56,687.33	6.28
Total Operating Expenses.....	99.25	\$742,080.48	\$766,542.23	84.89
Taxes.....	1.41	10,582.36	10,933.16	1.21
Total Operating Expenses & Taxes	100.66	\$752,662.84	\$777,475.39	86.10
Net Earnings.....			125,446.96	13.90
Deficit.....	.66	\$ 4,965.52		
				100.

"I"

STATEMENT OF LOCOMOTIVE AND CAR EQUIPMENT.

KIND	Number Owned		Equipped With Train Brake		Equipped With Automatic Couplers	
	1899	1898	1899	1898	1899	1898
LOCOMOTIVES:						
Passenger.....	14	14	14	14	0	0
Freight.....	88	89	85	86	0	0
Switch.....	11	11	11	11	0	0
Total.....	113	114	110	111	0	0
PASSENGER CARS:						
Mail.....	3	3	3	3	3	3
Mail and Express.....	10	10	10	10	10	10
Mail and Baggage.....	12	12	12	12	12	12
Combination Coach and Baggage.....	7	8	7	8	2	2
Coach and Smoker.....	2	2	2	2	1	1
Coach.....	23	23	22	22	22	22
Buffet.....	2	0	2	0	2	0
Dining.....	1	0	1	0	1	0
Special.....	3	3	3	3	2	2
Total.....	63	61	62	60	55	52
FREIGHT CARS:						
Caboose.....	49	49	24	24	0	0
Coal.....	132	135	6	7	66	3
Flat.....	273	293	21	22	125	7
Stock.....	255	258	204	205	180	117
Box.....	1,832	1,870	1,331	1,339	1,630	903
Combination Box and Stock.....	3	3	0	0	0	0
Furniture.....	190	193	190	193	183	100
Refrigerators.....	4	4	4	4	2	0
Outfit.....	184	152	25	19	3	0
Construction Dumps.....	37	37	0	0	0	0
Total.....	2,959	2,994	1,805	1,813	2,189	1,130

SUMMARY.

	Loco- motives	Passenger Cars	Freight Cars
Number Owned June 30, 1898.....	114	61	2,994
Add:			
Number purchased or built.....		3	3
Total.....	114	64	2,997
Less:			
Number sold.....	1	1	
Number destroyed.....			38
Total.....	1	1	38
Number owned June 30, 1899.....	113	63	2,959

"J."

STATEMENT OF WATER LINE EQUIPMENT.

JUNE 30, 1899		JUNE 30, 1898	
	Net Tonnage		Net Tonnage
STREAMSHIPS:		STREAMSHIPS:	
Columbia.....	1,746.14	Columbia.....	1,746.14
Oregon.....	1,642.28	Oregon.....	1,642.28
Geo. W. Elder.....	1,224.58	Geo. W. Elder.....	1,224.58
Olympian.....	1,083.20	Victorian.....	809.17
		Olympian.....	1,083.20
RIVER STEAMERS:		RIVER STEAMERS:	
T. J. Potter.....	589.60	T. J. Potter.....	589.60
R. R. Thompson.....	912.06	R. R. Thompson.....	912.06
Harvest Queen.....	697.04	Harvest Queen.....	697.04
D. S. Baker.....	566.22	D. S. Baker.....	566.22
Sehome.....	615.21	Sehome.....	615.21
Almota.....	395.24	Almota.....	395.24
Emma Hayward.....	456.07	Emma Hayward.....	456.07
Modoc.....	357.55	Hassalo.....	350.85
Ocklahoma.....	394.19	Modoc.....	357.55
Elmore.....	467.60	Ocklahoma.....	394.19
Ruth.....	388.02	Elmore.....	467.60
Gypsy.....	154.38	Ruth.....	388.02
Lewiston.....	487.60	Gypsy.....	154.38
Spokane (new).....	408.00	Lewiston.....	487.60
Hassalo (new).....	428.00		
TUGS:		TUGS:	
Escort.....	72.92	Escort.....	72.92
Wallula (New).....	85.00		
BARGES:		BARGES:	
Columbia's Chief.....	793.80	Columbia's Chief.....	793.80
Atlas.....	625.48	Atlas.....	625.48
Wyatchie.....	609.00	Wyatchie.....	609.00
Autocrat.....	918.19	Autocrat.....	918.19
Siwash.....	250.51	Siwash.....	250.51

SUMMARY.

	Owued June 30, 1899.	Owued June 30, 1898.	EXPLANATION OF CHANGES.
Steamships.....	4	5	S. S. "Victorian" sold (proceeds credited to Estate of O. Ry. & N. Co.)
River Steamers...	15	14	Steamer "Hassalo" worn out. New Steamers "Hassalo" and "Spokane" built (charged to Water Line Equipment Depreciation Fund).
Tugs.....	2	1	New Tug "Wallula" built (charged to Improvement and Betterment Fund, Exhibit "E").
Barges.....	5	5	
Wharf boats.....	3	3	
Totals.....	29	28	

"K."

MILEAGE OF RAIL AND WATER LINES.
RAIL LINES.

ROAD OWNED.

MAIN LINE:

West Line, Front St., Portland, Or., to East Line, Willamette Bridge Track.....	.22	
East Portland, Or., to Huntington, Or.....	402.03	402.25

BRANCHES:

Heppner Junction, Or., to Heppner, Or	45.40	
Umatilla, Or., to Walla Walla, Wash.....	57.67	
Pendleton, Or., to Spokane, Wash., via Farmington	250.55	
Holles, Wash., to Dayton, Wash.....	13.26	
Starbuck, Wash., to Pomeroy, Wash.....	30.00	
Connell, Wash., to La Grande, Wash.....	53.12	
Colfax, Wash., to Moscow, Idaho.....	28.56	
Winona, Wash., to Seltice, Wash.....	47.84	
Tekoa, Wash., to Mullan, Idaho.....	87.10	
Wallace, Idaho, to Burke, Idaho.....	6.67	
La Grande, Or., to Elgin, Or.....	20.89	
Walla Walla, Wash., to Dixie and Dudley, Wash.....	13.40	
Lower Cascades, Wash., to Upper Cascades, Wash. (not operated).....	6.00	660.56

ROAD LEASED.

NORTHERN PACIFIC TERMINAL CO., OF OREGON:

Albina, Or., to Albina Junction, Or.....	2.13	
East Line, Willamette Bridge Track, to West Line, Second St., East Portland, Or.....	.41	2.54
Total Rail Lines.....		1,065.35

WATER LINES.

OCEAN DIVISION:

Portland, Or., to San Francisco, Cal.....		660.00
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RIVER DIVISION:

Lower Columbia River Route—		
Portland, Or., to Astoria, Or.....	98.00	
Willamette River Route—		
Portland, Or., to Dayton and Eugene, Or.....	177.00	
Snake River Route—		
Riparia, Wash., to Lewiston, Idaho.....	78.00	353.00
Total Water Lines.....		1,013.00
Total Rail and Water Lines.....		2,078.35

In Memoriam.

Henry Failing,

Director.

Died November 8, 1898.

At a meeting of the Board of Directors of The Oregon Railroad & Navigation Company held at the office of the Company, in Portland, on November 22, 1898, the following resolution was adopted and recorded :

RESOLVED, That this Board has learned with deep regret of the death of Mr. Henry Failing, a Director of this Company, and the Secretary is hereby directed and requested to communicate to the family of Mr. Failing an expression of this Board's sympathy with them in their great loss.

W. W. COTTON,
Secretary.

